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ABSTRACT

Rural development is a democratic process involving local people in the analysis of their problems. It requires involvement from public and private organizations to deliver technical information, education, resources, organization, and other forms of tangible support. Diversity of lifestyles, changing energy costs, small inexpensive computers, and new communications technology all influence the scale of operation downward. The human scale factor influences the success, form, and location of any program for both private and public investment. The benefits of public and private investment on a large scale tend to be long term and may not occur in the active lives of current investors or officials. It is particularly important to have incentives to sustain active participation of individuals in the development of their communities. This role places special responsibility on those in public service. Natural resources and the related social and cultural influences permeate rural people. A natural resource economy tends to suffer or benefit from wide swings in economic activity. Rural communities and their institutions bear the brunt of these wide swings because they are so strongly tied to the natural resources. Rural communities can protect both their natural and human resources through public involvement in policy decisions on broad social issues. (NQA)

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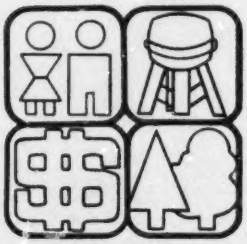

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Factors That Influence Rural Development: The State of the Art

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To:

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Rural development is an important challenge. It involves people and natural resources--with the focus on people.

"Rural" describes an area that is dependent socially, culturally, and economically on natural resources--land, water, timber, minerals, mountains. In this context, "development" implies change within a community determined through a democratic process.

"Rural development," then, consists of activities to identify and to resolve local concerns of public interest in communities strongly influenced by natural resources. In this public policy context, rural development focuses on citizen participation, leadership development, problem identification, analysis, decisionmaking, resolution, and evaluation--all of which are necessary to deal with the issue at hand.

In every element of this process called rural development, there is a great need for technical information and tangible support. We need technical information on citizen participation, on leadership development, and so on down the line. Many public and private organizations will continue to be involved in problem analysis and resolution. Our technical information and education programs must include these aspects of the overall process. Within the context of rural development, priority concerns frequently fall in the following categories:

- economic development, largely income and employment;
- local organizations, largely government; and
- use of natural resources, especially policy of resource use.

We must constantly remember, however, that we are working within a democratic process with local values and resources.

The local citizens should establish goals and assumptions, identify values and resources--all of which are parts of a democratic process. This is the task of the community involved, but likely to appear as goals from the process are:

-- To maintain or to strengthen the democratic process involving citizen participation in community decisionmaking.

-- A strong, stable economic base.

-- Facilities and services to support the economic base and important social needs.

Rural development, then, is a very human process and necessarily a complex one. This perhaps explains why rural development practitioners characteristically avoid offering instant answers and quick solutions.

The Setting

During the remaining years of this century, rural communities may regain a portion of the importance they once held in the U.S. Changes which began in the 70's seem to push our society toward a different scale of operation. Some social analysts have referred to this trend as a push toward a human scale--implying a scale that we can perceive, deal with, influence, perhaps control. Certainly, several alternative lifestyles evolved during the 70's. Rural areas were included in their testing grounds; "back to the land" had a major effect on many rural communities. Indeed, our tolerance for diversity has been put to the test. But these new lifestyles are not a simple return to the good old days.

Rising energy costs have changed our perceptions of the future and how we organize our society. Solar and wind energy hold much promise for smaller communities, as these technologies currently appear to be less dependent on size of the user market. Strangely, recent studies indicate that rural workers commute shorter distances to work than their urban counterparts. Rising product transportation costs suggest the alternative of moving more processing centers close to their material sources to reduce shipping of low-valued products. The current trend in energy development seems to hold promise, then, for rural areas, where initially rural communities were concerned only about the negative effects of surface mining and other such energy development activities.

The emergence of the powerful microcomputer brings major word processing, accounting, analytical, and information storage capability to smaller businesses and governments. Certainly, individuals can now do for themselves tasks which used to be reserved for large mainframe computers. The scale of operations has shrunk to permit and even encourage computer use in rural communities. It seems people in rural areas are beginning to realize they benefit from microcomputer technology--perhaps more on a relative scale than urban areas which can and do have local mainframe computers.

A new world of communication is tying microcomputers together through time-share data bases and electronic mail. Satellites and cable TV open up major communication capabilities to rural communities, such as many varieties of teleconferencing, video transmission, electronic blackboards, and the list goes on. Isolation is being redefined for individuals, businesses, organizations, and governments--indeed, in terms of communication, isolation may soon be obsolete.

Multinationals and conglomerates may become organizational dinosaurs as business and industry find that centralized production and control are not necessary or even desirable in the next ten years. The challenge becomes the management of inputs to and products from dispersed small units with the aid of low-cost computers and communication.

The overall point is that rural communities may need to reevaluate their opportunities. Conditions have changed in the past fifteen years. Events have occurred outside forestry, mining, and agriculture that are profoundly changing these industries and, more importantly, other rural potentials. In fact, the rural nature of many communities may change as they become less dependent economically on natural resources. Many people would prefer to live and work in communities that are dominated socially and culturally by natural resources yet less dependent economically on natural resource development. Because of the trends listed above, the likelihood of achieving this kind of balance in a rural setting is ever increasing.

Another Setting

Much has been said about the rebound of the German and Japanese economies after World War II. The discussions point out the education level of their labor forces. Also cited is the fact that these countries had to reconstruct most industries and public facilities. Finally, neither country has made extensive military investments.

Comparatively speaking, our U.S. labor force is also educated. But the other two issues do point out significant differences between the rebounding economies and our own. We

have made, and continue to make, major investments in military hardware and personnel. And although we have a high standard of living, it has apparently been produced on public and private facilities that grow older and older. The plants and public facilities replaced in Germany and Japan incorporated new technology. Steel plants, railroads, automobile plants, roads, water systems, and bridges are all examples of very important technical facilities that are too frequently antiquated or in disrepair in the U.S. We need to reinvest in intermediate and long-term public and private facilities in this country. This is not a paint up-fix up campaign; rather, massive rebuilding.

It is heartening to hear a little public discussion since the 1980 political campaign about the $600 million-to-$3 trillion investment needed for public works. It is not heartening that the needed investment is so large or that it is needed at all, but at least the problem holds potential for public debate. The similar investment issue is nearly at the surface for the private sector needs. Although I have heard no dollar amount of capital requirements to modernize U.S. industry, it is surely huge. High interest rates and high levels of government borrowing have brought the issue out for the public to see.

Will the investments be made? And if so, how will rural areas fare in terms of benefits from new or improved facilities?

The human scale factor mentioned earlier will influence the success, form, and location of any program for both private and public investment. It certainly will be possible to make wrong decisions, and a broad discussion of the policy impacts should be encouraged. The benefits of public and private investment on a large scale will tend to be long term and may not occur in the active lives of current business investors or elected officials; hence, it may be very difficult to get the investments made. But that investment is an issue of great importance to rural communities.

Just Before the Summary

As stated before, the most important element in rural development is people. Their information, education, health, and outlook are all important. Two other factors influence people's actions: the institutions with which they work, and the power they possess or can acquire to act effectively.

Institutional structures typically provide incentives for action. Particularly important are incentives to sustain active participation. This is not easy; apathy and burnout are both phenomena of incentive structures that have created problems. For those of us in the public sector, we must honor the work of volunteers and ensure that we do all that is possible to assure

that volunteer work is productive and individually rewarding. Is our technical information and educational material current, objective, and well expressed? Do our programs address their objectives--and are those objectives appropriate to the organization and the community?

On the ability to act effectively: People form groups to accomplish things; increasingly in our complex society these are single-issue groups. This trend has progressed to interest groups, political action committees, lobbyists, legislative committees, and industries all closely associated with a particular activity--be it agriculture, defense, health, transportation, education, etc. There is a certain efficiency in this type of arrangement; however, we may want to question its overall effectiveness.

The very important question of priority and interrelationship of special interests in the broader society does arise. In addition, there are social issues that are difficult to handle in this special-interest manner. Several issues just fall through the slats--taxes, water, land, and energy are everybody's problem. But no one has sufficient incentive to organize and address these generalized social issues. No single group captures enough of the benefits to generate the incentive to organize for action.

How does this relate to the rural community? Land, water, and energy are all important natural resources and directly affect agriculture, forestry, and mining. But policy is difficult to establish and maintain at any governmental level--federal, state, or local. Our hope is that a rural community may be small enough and broad-based enough to organize and affect policy on these topics, and capture enough of the benefits to justify the effort. It is mandatory for us to help local rural communities address the bigger issues, because the rural community is the only group that can be effective.

Now let's turn to natural resources--the important non-people feature of rural areas. Natural resources and the related social and cultural influences permeate rural people. With employment and economic base closely linked to use of natural resources, the current rural economic dependence on natural resources is very real. Remember that a natural resource economy tends to suffer or benefit from wide swings in economic activity. National and world markets dictate prices, and there are great highs and terrible lows for the sellers--or the rural areas. Current economic conditions provide illustration, with forestry, agriculture, and mining in real economic trouble. The trouble is low prices--not insufficient ability of natural resources to support production. Local businesses, government, individuals, and organizations have problems adjusting to the wide swings in physical and economic activity. The past 40 years have been a fairly sustained economic high for the U.S. It was a good time economically for rural areas, more than they realized.

Current economic conditions are at depression levels for many rural communities and even several states. In fairness, we should observe that the most seriously affected areas are not necessarily rural. They were suffering before the economic decline. Nonrural areas suffer the compound effects of antiquated private and public capital facilities and the economic downturn. In both rural and urban areas, the stress on individuals, families, and communities is very high.

Should we learn anything from this experience? It is very clear that the broad practice of economics is just that, a practice. More an art form than many economists would like to believe. Having said that, there are economists and others who have long recognized the fragile economic nature of rural areas with their wide swings in income. This has implications for holding reserves for families, firms, and governments in rural areas. Financial reserves may need to be larger in rural areas than in urban areas due to the chances of a downturn affecting nearly everything in the community. This reserve doesn't have to go into a sock; it should be managed, but a hedge against future economic problems seems wise.

Summary

Have we covered any useful ground? Rural development is a democratic process involving local people in analysis of their problems, identifying opportunities, deciding how to address them, and doing so. This is a public process and requires input from public and private organizations to deliver technical information, education, resources, organization, and other forms of tangible support.

Several trends seem to open new opportunities for rural America: diversity of lifestyles, changing energy costs, small inexpensive computers, and new communications technology all influence the scale of operation downward. These trends may permit some rural areas to reduce their economic dependency on natural resources.

A major concern in the U.S. is the quality of the capital stock, private and public. The question is, where do we invest for future benefits? It's a struggle between next quarter's bottom line and a modern plant available in 10 years. It's a struggle between public services (including defense) now and transportation, water, and sewer systems required for a functioning modern economy.

Prime Minister Lord Home observed:

> "The Country has a right to assume that men's minds will be as modern as the machinery they tend, that private enterprise will be enterprising, and that government will govern."

He brings the players together. We must see that individuals have the incentive to participate in the development of their communities.

This places special responsibility on those in public service. Although the clusters of power are needed to affect action, an overall leadership must be rebuilt to address the broader issues of society--those issues that are bigger than the concerns of special interest groups. The additional challenge, of course, is to establish priorities among the special interests. This may be a place where rural communities can lead our nation in the resolution of tough problems.

Behind all of these conditions and challenges lie the natural resources basic to rural communities. Once again, their importance stems from their interrelationship with human behavior. The natural resources influence the basic fiber of rural people and institutions. The patterns in which we use and develop natural resources cause wide swings in economic activity. At times, these patterns may stem from discovery or depletion, but many times it is from rising and falling national and world prices.

Rural communities and their institutions bear the brunt of the wide swings in the economy because they are so strongly tied to the natural resources. Rural communities can protect both their natural resources and their human resources through public involvement in policy decisions on broad social issues.

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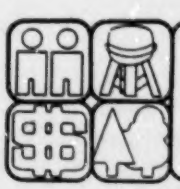

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